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C O N F I D E N T I A L DJIBOUTI 000196

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STATE FOR AF, AF/E; LONDON, PARIS FOR AFRICA WATCHER

E.O. 12958: DECL: 02/27/2015

TAGS: PREL ECON EPET ENRG DJ QA

SUBJECT: GUELLEH REQUESTS QATAR INVESTMENT OF NATURAL GAS

AT DORALEH PORT

REF: DJIBOUTI

Classified By: Ambassador Marguerita D. Ragsdale.

For Reasons 1.4 (b) and (d).

**¶1.** (C) Summary: Acting Foreign Minister Mahamoud Ali Youssouf briefed Ambassador on the highlights of President Ismail Omar Guelleh's Qatar trip in a February 23 meeting she requested to discuss several issues (see septels). Youssouf said Guelleh's visit was in response to an invitation extended by the Emir of Qatar, Hamad Ben Khalifa Al-Thani, during the latter's last visit to Djibouti in 2003. He said Guelleh requested Qatari investment in a natural gas terminal at the new Doraleh Port project. Djibouti would hope to store the natural gas, export it to neighboring countries, as well as purchase for local energy needs. He said President Guelleh's agenda also included a visit to the Al-Jazeera television station to seek cooperation in training Djiboutian journalists and technicians. End Summary.

**¶2.** (C) Youssouf said the idea of approaching the Qatari's to invest in Doraleh was based on conjecture that Qatar will be searching for markets to exploit its large natural gas reserves. Guelleh suggested during the visit that Qatar consider African markets and proposed Djibouti as a potential gateway.

**¶3.** (C) Youssouf said Djibouti is pursuing natural gas because, along with many other African nations, it is focused on finding alternative energy sources to petrol based energies. An added concern for Djibouti is the imminent threat of water shortage. Most of the solutions for this problem involve desalination, which requires a significant amount of energy. Youssouf said after the initial investment of approximately 400 million USD to construct the storage facility, natural gas will be a cheaper method of energy production. He also stated that this terminal could easily be profitable for both Djibouti and Qatar upon export, citing electricity interconnections with Ethiopia and Yemen as creating possible consumers of exported natural gas. Youssouf also cited NEPAD's framework, which focuses on finding energy solutions, as proof of potential markets. Youssouf said the Emir was very interested in the prospect.

**¶4.** (U) According to an article printed February 17 in the government-run newspaper, La Nation, the visit also included discussions on opening Qatari markets to Djiboutian products such as salt and livestock, encouraging Qatari businessmen to invest in tourism and the private sector, and establishing closer bilateral ties. The article also indicated that Qatar had agreed to send experts to Djibouti to study the possibilities of the proposed natural gas terminal.

**¶5.** (C) Comment: With Emirate Dubai already invested in Djibouti's port at Doraleh, and President Guelleh needing further essential development for his impoverished, strategically-placed nation, Qatar is a sound choice for dialogue. High on Djibouti's agenda is a new international airport and potential Qatari investment in such a project would go far in moving Guelleh toward his dream of making Djibouti the next Dubai. End comment.

RAGSDALE